**Executive Summary**
**Testimony of Michael G. Rippey**
**President and CEO, ArcelorMittal USA LLC**
**United States House of Representatives**
**Committee on Energy and Commerce**
**Subcommittee on Commerce, Manufacturing and Trade**
**March 21, 2013**

The American steel industry today is simply not your grandfather's, or even your father's, steel industry. We operate at the cutting edge of materials science, producing high technology solutions for our customers' needs with advanced equipment operated by a highly skilled and well-paid workforce.

The story of today's steel industry can be illustrated by looking at its interdependence with America's auto industry. Today's auto market demands that body materials be extremely strong for safety, yet light to save fuel consumption and highly moldable to meet sophisticated styling requirements. We are continually evolving steel into a wide range of new products that meet each and every one of these conflicting challenges.

Not satisfied with proclamations of our industry's pending demise when the 2025 CAFE standards were announced, we obtained from the EPA and NHTSA the very computer models they used to assess fuel economy improvement technology. These models show that the weight reduction we can achieve with our current and emerging steel products, combined with anticipated improvements in power train technologies, can get the fleet to the 2025 CAFE standard of 54.5 MPG. And steel meets this standard of the future at a lower cost and with a lower total life cycle carbon footprint than competing materials.

To transform America's vital manufacturing base and ensure a secure job future for our workers, we need your support for the following policies:

First, we need to make it a national priority to identify, encourage and train the manufacturing workers of the future. To meet the challenge of a retiring workforce, ArcelorMittal initiated "Steelworker For The Future," an associate degree program in partnership with great community colleges located near our plants. It is a program that identifies, trains, and ultimately employs qualified students for a life long career in manufacturing.

Second, we are threatened every day by the unfair trade practices of our foreign competitors. We need the U.S. Government to ferret out such practices that continue to distort steel markets and take strong action to challenge them through aggressive enforcement of U.S. trade remedies, WTO litigation, and appropriate diplomatic efforts.

Third, we need a tax policy that incentivizes manufacturing, not one that shifts tax burdens away from banks and retailing and onto manufacturing. We are concerned that in the debate to lower rates and close so-called loopholes, pro-manufacturing incentives may be eliminated.

Finally, we would urge the Subcommittee to make sure that CAFE regulations measure the full impact of a material on the environment, from cradle to grave, over their "life cycle" and not just take a snapshot of only one phase of the process. Since the push for greater fuel economy is designed to also lower GHG emissions, it's irrational to completely offset or even exceed the emissions saved during the use phase with materials that produce higher emissions during the production phase.

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Mr. Chairman and Members of the Subcommittee, I am Mike Rippey, President and CEO of ArcelorMittal USA. On behalf of my company and its 20,000 U.S. employees, I want to thank you for holding these hearings today on the future of American manufacturing.

By way of introduction for those who may not be familiar with our company, ArcelorMittal is the world's largest steel and mining company, with over 245,000 employees in more than 60 countries. We are the leader in all major global steel markets, including automotive, construction, household appliances, and packaging, with leading research and development (R&D) and technology, as well as mining interests and outstanding distribution networks.

If I can leave you with only one thought today, it is this: the American steel industry today is simply not your grandfather's, or even your father's, steel industry. With your help, it can be your son's and daughter's steel industry.

Today's steel industry operates at the cutting edge of materials science, producing high technology solutions for our customers' needs. We do it with increasingly advanced, and I might add expensive, equipment, operated by a highly skilled and tech-savvy workforce. It is a workforce whose employees are better paid than almost any industrial worker in the world. In short, these are great jobs for the individual and our country.

Perhaps there is no better example to illustrate today's steel industry than to examine the interdependence that exists between it and America's auto industry.

First, allow me to provide some context on ArcelorMittal's relationship to the U.S. and global automotive industry.

I am proud to tell you that ArcelorMittal is the number one worldwide supplier for automotive steels. One out of every five cars in the world is made of ArcelorMittal steel, and we are fully committed to supporting carmakers worldwide as they meet the challenge of increasing passenger safety, while also delivering weight savings and reducing carbon dioxide (CO2) emissions. In 2011 alone, we invested $320 million in research and development, more than half of which was devoted to developing new automotive products and applications.

Why? Because the technical challenges and requirements of our automotive customers dwarf any that have existed before.

Let me give you one example.

Historically, car bodies have been made of steel. One product, more or less. Moderately strong, easily moldable, and low in cost. Steel has remained the standard car body construction material since the early 1900s.

But today's market, driven both by customer expectations and regulations such as the Corporate Average Fuel Economy (CAFE) and New Car Assessment Programs (NCAP) coming from Washington, demand that body materials be extremely strong in some areas to resist intrusion, and soft in other areas to absorb energy to make cars safer. At the same time, these materials need to be lighter to improve fuel economy. Above all, the materials need to be moldable to make the sophisticated body styling that American consumers demand.

The good news is that we are evolving steel into a wide range of new products that meet each and every one of these conflicting challenges. The steel products we are making today, and the products we are developing for the future, will make cars that are safer, lighter, more fuel efficient, and keep them affordable.

As you know well, the U.S. Department of Transportation and Environmental Protection Agency have defined 2012-2025 tailpipe CO2 emissions and fuel economy standards based on each vehicle's performance, which, if achieved, will bring the fleet to a CAFE of 54.5 miles per gallon by 2025. When these standards were first announced, proponents of competing body construction materials proclaimed it was "game over" for steel – that the only way to get to 54.5 was to make all cars out of aluminum, out of magnesium, or out of carbon fiber.

Not satisfied with proclamations of our industry's pending demise, we obtained from the EPA and NHTSA the very computer models they used to assess fuel economy improvement technology and set the standards where they presently stand. These models show that the weight reduction we can achieve with our current and emerging steel products, combined with the improvements in power train technologies anticipated by EPA and NHTSA, can in fact get the fleet to 54.5 MPG by 2025. The models further show that steel gets the future fleet to 54.5 MPG *at a lower cost* than other materials. When combined with powerful Total Life Cycle Assessment greenhouse gas (GHG) emission models, these models show that steel gets the 2025 fleet to a CAFE goal of 54.5 of MPG with a *lower total life cycle carbon footprint* than if other, more energy and emissions-intensive, materials were used.

The EPA and NHTSA models clearly show that today's and tomorrow's advanced steel products are the lowest cost, lowest total life cycle carbon footprint body construction material solution to getting to 54.5 in 2025.

We can do this because of the innovation of our workforce, the hard-fought, relative prosperity of the domestic steel industry, and our R&D investments. But that prosperity is threatened every day. That's why we need your help to transform America's vital manufacturing base and ensure a secure job future for our workers.

First, we need a national workforce approach that will identify, encourage, and train the manufacturing workers of the future.

In today's period of high unemployment, particularly for young people, it is amazing to me that ArcelorMittal, other steel companies, and many manufacturers, have jobs available that we can't fill. As I have already indicated these are great jobs, with high compensation and benefits that are the envy of others outside manufacturing.

In 2008, in response to this identified shortage of skilled labor, ArcelorMittal initiated "Steelworker For The Future," an associate degree program in partnership with great community colleges located near our plants. We work with local high schools to attract STEM-savvy students to the program where they gain classroom training at a reasonable cost. Then we offer well paid internships at our plants, more than covering the cost of their tuition. Qualified graduates are offered full time jobs at our plants when they finish the program. If they don't want to work for us, they still end up with a portable set of skills for a lifetime that would be welcomed by any manufacturer.

We do this because we need the people. We have an aging workforce; as they retire, we have hundreds of great jobs to fill every year.

Yet we still can't find people. Some would rather become stockbrokers or video game designers than steelworkers; many others are not trained appropriately for the needs of today's manufacturing industry; and still others lack the basic life values to pass a drug test or show up every day ready to work.

With thousands of great jobs going begging every year in manufacturing, it is time we made it a national priority to value and train people who make things.

Programs run by individual companies, while useful, cannot take the place of a national commitment by the Congress and the Administration to deal with the mismatch between jobs and skills. I would urge the Committee to look closely at private programs like "Steelworker For The Future" as a possible template for a national campaign to educate young people about the incredible possibilities that today's manufacturing offers. Such a program should also provide tuition and other training assistance to both the individual and to companies for effective programs that train people for jobs that exist not only today but tomorrow. Without such a commitment, America's manufacturing renaissance will be stopped in its tracks and we will have lost an entire generation of manufacturing workers.

Second, we are threatened every day by the unfair trade practices of our foreign competitors. The trade laws passed by the Congress, and vigorously enforced by the International Trade Commission, the Commerce Department, and other agencies of the federal government, have been essential to us. But foreign government policies that favor uneconomic steel capacity continue to distort global steel markets. We need the U.S. Government to ferret out these practices and take strong action to challenge them through aggressive enforcement of U.S. trade remedies, WTO litigation, and appropriate diplomatic efforts.

Third, we need a tax policy that incentivizes manufacturing, not one that shifts tax burdens away from banks and retailing and onto manufacturing.

We are very concerned that in the debate to lower rates and close so-called loopholes, the needs of manufacturers, both for ourselves and our customers, may be forgotten. Policies such as accelerated depreciation or the ability to deduct the interest payments on extraordinarily complicated and long lasting capital investments give critical help to those who put their own money on the line to grow manufacturing. Repealing those incentives means that we will be trading

in tax policies that have worked for this country for the economics of "hope that everything will work out somehow."

We are in a global competition, and you can bet that our greatest competitors, who often enjoy the extreme pro-investment and pro-export economic policies of their home governments, would rejoice to see America turn away from a pro-manufacturing tax policy.

Fourth, Mr. Chairman, as we address the challenges of climate and energy policy, we must ensure that Total Life Cycle Analysis (LCA) is employed in setting our future emissions and fuel economy regulations. As I've discussed, steel offers serious weight reduction at a lower cost and lower CO2 emissions than competing materials. Our industry is now working with the Administration to recognize these savings over the total life cycle of the vehicle, with the goal of having in place by the CAFE mid-term review in 2017 regulations that reward those who achieve GHG reductions over the full life cycle of the product. Since the push for greater fuel economy is designed to also lower GHG emissions, it's irrational to completely offset or even exceed the emissions saved during the use phase with materials that produce higher emissions during the production phase. We strongly urge the Subcommittee to vigorously use your oversight responsibility to make sure that we create a national policy that measures the full impact of a material on the environment and not just take a snapshot of only one phase of the process.

Mr. Chairman, once again thank you for the opportunity to testify today and I look forward to your questions.